authority[1] and 'reviewing authority' respectively were amended to provide that such authority should be one supervising the performance of the officer and an explanation was also added providing that the authority or authorities supervising the performance of the officer shall not necessarily mean an authority or authorities belonging to the same service to which the reporting or the reviewing authority, as the case *maj* be, belongs.

Looking to the above Rule position as amended in 1987 and considering the implications of the judgement on inter-departmental coordination at the field level, the Ministry of Environment & Forests as the Cadre Controlling Authority for the Indian Forest Service, has been advised to file a review petition in the Supreme Court.

As per the information made available by the Ministry of Home Affairs and the Ministry of Environment & Forests, which are the Cadre Controlling Authorities for Indian Police Service (IPS) and the Indian Forest Service (IFS) respectively, no representations have been received from the IPS or IFS Officers' Associations in this regard.

Effect on Software Services

*552 SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether the World's second computer service firm. Electronic Data Systems Corporation expects that US slowdown will bring more business to its Asian and Indian operations;

(b) if so, whether on launching of a new development centre in the southern city of Chennai. EDS has pointed out that US firms are keen to cut costs and were now looking at Asia for outsourcing software services;

(c) if so, to what extent the US slowdown has helped India; and

(d) the efforts being made by Government to take advantage of US slowdown?

THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) to (c) The slowdown in the US economy, as indications suggest

in I he software driven IT industry, is likely to affect to sonic extent the software export of on-site services. However, outsourcing of software services by the US companies is likely to go up. as the US corporates arc looking at means of cutting the cosls. The outsourced assignments will offer opportunities to IT professionals in India. On the whole, it is expected that the Indian software industry will continue to maintain a healthy growth rate.

(d) Various incentives provided by the Government to IT industry arc given in the Statement below:—

Statement Incentives to

IT Sector

1. Export Promotion Capital Goods Scheme (EPCG) has been rationalised and expanded uniformity to all sectors without any threshold limit on payment of 5% duty.
2. Approvals for all foreign direct investment proposals relating to the Information Technology Sector, with the exception of Business-to-consumcr (B2C) e-commerce arc under the automatic route.
3. Power of approvals of the designated officers of MIT for implementation of STP and EHTP Schemes have been further enhanced upto US $ 20 million.
4. Accelerated depreciation norms for computers and computer peripherals for electronic units under Export Oriented Schemes (EOU/ EPZ/STP/EHTP) have been enhanced. These shall stand depreciated to overall limit of 90% over a period of 3 years instead of around 5 years earlier. The depreciation on computers has been allowed @60%.
5. DTA access upto 50% of the FOB value of export is permitted for electronics hardware units under EOU/EPZ/EHTP Schemes and the software units under EOU/EPZ STP Schemes. Broadbanding is permitted in the DTA sales of hardware units for items covered in the Letter of Permission.
6. Special Economic Zones are being set up to enable hassle free manufacturing and trading for export purposes.

7. Value addition norms for Rupee exports to Russia reduced from 100% to 33% under Advance Licensing Scheme.

8. In the Budget 2001-02. the peak rate of customs duty continues *(a\?>5%.* Customs duty surcharge @ 10% has been abolished on all imports, in general but Special Additional Duty (SAD) @ 4% continues on all imports, except specific exemptions. In the 2000-01 Budget, Customs duty on Computers and Peripherals had been reduced from 20% to 15% and continues to be same. The Customs duty on all storage devices; integrated circuits, microprocessors, data display tubes and deflection components of color monitors also continues at 0%. In the 2001-02 Budget, Customs duty on Information Technology Agreement (ITA-1) items of WTO (IT and Telecom Products) has been reduced from existing 20-25% to 15%. The concessional rate of customs duty for specified raw materials for the electronics industry continues.

9. In the Budget 2001 -02, the Central Excise duty structure has been rationalised from multiple rates to single rate of 16% and single rate of Special Excise Duty (SED) @ 16%,

10. Information Technology Software is exempted from Customs and Excise Duty.

11. EOU/EPZ/STP/EHTP units are exempted from payment of Income Tax on export profits, upto 2010, in terms of Sections 10A and 10B of the Income Tax Act.

12. Definition of Computer Software, as in Section 80 HHE of the Income Tax Act has been widened to include transmission of data.

13. Benefit of Section 80 HHE is available to supporting software developers.

14. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector,

15. Income by way of dividends or long-term capital gains of a \fenture Capital Fund or Venture Capital Company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income.

To give thrust to Venture Capital finance, SEBI has been made the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds.

16. There will be no tax on distributed or undistributed income of \fenture Capital Funds. The income distributed by the VCFs will only be taxed in the hands of the investors at the rates applicable to the nature of the income. VCFs will continue to be eligible for exemption even if the shares of the VC undertaking in which the VCFs have made the initial investment are subsequently listed in a recognised stock exchange in India.

17. Under policy on portfolio investment, Foreign Institutional Investors (Flls) are permitted to invest in a company upto an aggregate of 24% of equity shares, extendable upto 40% subject to approvals. This limit has been raised from 40% to 49% in the Budget 2001-02.

18. Under the Employee Stock Option Scheme, income tax payable on income from GDRs purchased in foreign currency by a resident employee (of IT software and service companies, shall be at a

19. Tax holiday under provisions of Section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and

21. Two-way fungibility has been permitted for ADRs/GDRs. Local shares can now be reconverted into ADRs/GDRs, subject to sectoral

CMA

22. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research has been provided.

23. Information Technology Act 2000 has been enacted. This act deals with Cyber Security, Cyber Crime and other information security related legal aspects. This will encourage expansion of e-commerce through internet..